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UNIVERSAL SERVICE FUND AMENDMENTS

2017 GENERAL SESSION



26	receives support from the Universal Public Telecommunications Service Support Fund;
27	 provides that a wireless telecommunications provider is eligible for a distribution
28	from the Universal Public Telecommunications Service Support Fund for providing
29	lifeline service under certain circumstances; and
30	defines terms.
31	Money Appropriated in this Bill:
32	None
33	Other Special Clauses:
34	None
35	Utah Code Sections Affected:
36	AMENDS:
37	54-8b-2, as last amended by Laws of Utah 2005, Chapter 5
38	54-8b-10, as last amended by Laws of Utah 2016, Chapter 271
39	54-8b-15, as last amended by Laws of Utah 2013, Chapter 400
40	
41	Be it enacted by the Legislature of the state of Utah:
42	Section 1. Section 54-8b-2 is amended to read:
43	54-8b-2. Definitions.
44	As used in this chapter:
45	(1) "Access line" means a circuit-switched connection, or the functional equivalent of a
46	circuit-switched connection, from an end-user to the public switched network.
47	[(1)] (2) (a) "Aggregator" means any person or entity that:
48	(i) is not a telecommunications corporation;
49	(ii) in the ordinary course of its business makes operator assisted services available to
50	the public or to customers and transient users of its business or property through an operator
51	service provider; and
52	(iii) receives from an operator service provider by contract, tariff, or otherwise,
53	commissions or compensation for calls delivered from the aggregator's location to the operator
54	service provider.
55	(b) "Aggregator" may include any hotel, motel, hospital, educational institution,
56	government agency, or coin or coinless telephone service provider so long as that entity

37	quanties under Subsection $[\frac{(1)}{2}](2)$ (a).
58	[(2)] (3) "Basic residential service" means a local exchange service for a residential
59	customer consisting of:
60	(a) a single line with access to the public switched network;
61	(b) touch-tone or the functional equivalent;
62	(c) local flat-rate unlimited usage, exclusive of extended area service;
63	(d) single-party service;
64	(e) a free phone number listing in directories received for free;
65	(f) access to operator services;
66	(g) access to directory assistance;
67	(h) access to lifeline and telephone relay assistance;
68	(i) access to 911 and E911 emergency services;
69	(j) access to long-distance carriers;
70	(k) access to toll limitations services;
71	(l) other services as may be determined by the commission; and
72	(m) no feature.
73	[(3)] (4) "Certificate" means a certificate of public convenience and necessity issued by
74	the commission authorizing a telecommunications corporation to provide specified public
75	telecommunications services within a defined geographic service territory in the state.
76	[(4)] (5) "Division" means the Division of Public Utilities established in Section
77	54-4a-1.
78	[(5)] (6) "Essential facility or service" means any portion, component, or function of
79	the network or service offered by a provider of local exchange services:
80	(a) that is necessary for a competitor to provide a public telecommunications service;
81	(b) that cannot be reasonably duplicated; and
82	(c) for which there is no adequate economic alternative to the competitor in terms of
83	quality, quantity, and price.
84	[69] (a) "Feature" means a custom calling service available from the central office
85	switch, including call waiting, call forwarding, three-way calling, and similar services.
86	(b) "Feature" does not include long distance calling.
87	[(7)] (8) "Federal Telecommunications Act" means the Communications Act of 1934,

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intervention.

88	as amended, and the Federal Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat.
89	56.
90	[(8)] (9) "Incumbent telephone corporation" means a telephone corporation, its
91	successors or assigns, which, as of May 1, 1995, held a certificate to provide local exchange
92	services in a defined geographic service territory in the state.
93	[(9)] (10) "Intrastate telecommunications service" means any public
94	telecommunications service in which the information transmitted originates and terminates
95	within the boundaries of this state.
96	[(10)] (11) "Local exchange service" means the provision of telephone lines to
97	customers with the associated transmission of two-way interactive, switched voice
98	communication within the geographic area encompassing one or more local communities as
99	described in maps, tariffs, or rate schedules filed with and approved by the commission.
100	[(11)] (12) "Mobile telecommunications service" means a mobile telecommunications
101	service:
102	(a) that is defined as a mobile telecommunications service in the Mobile
103	Telecommunications Sourcing Act, 4 U.S.C. Sec. 124; and
104	(b) in which the information transmitted originates and terminates in one state.
105	[(12)] (13) (a) "New public telecommunications service" means a service offered by a
106	telecommunications corporation which that corporation has never offered before.
107	(b) "New public telecommunications service" does not include:
108	(i) a tariff, price list, or competitive contract that involves a new method of pricing any
109	existing public telecommunications service;
110	(ii) a package of public telecommunications services that includes an existing public
111	telecommunications service; or
112	(iii) a public telecommunications service that is a direct replacement for:
113	(A) a fully regulated service;
114	(B) an existing service offered pursuant to a tariff, price list, or competitive contract; or
115	(C) an essential facility or an essential service.
116	[(13)] (14) "Operator assisted services" means services which assist callers in the
117	placement or charging of a telephone call, either through live intervention or automated

119	$[\frac{(14)}{(15)}]$ "Operator service provider" means any person or entity that provides, for a
120	fee to a caller, operator assisted services.
121	[(15)] (16) "Price-regulated service" means any public telecommunications service
122	governed by Section 54-8b-2.3.
123	(17) "Public switched network" means the same as that term is defined in 47 C.F.R.
124	Sec. 20.3.
125	[(16)] (18) "Public telecommunications service" means the two-way transmission of
126	signs, signals, writing, images, sounds, messages, data, or other information of any nature by
127	wire, radio, lightwaves, or other electromagnetic means offered to the public generally.
128	$[\frac{(17)}{(19)}]$ "Substantial compliance" with reference to a rule or order of the
129	commission means satisfaction of all material obligations in a manner consistent with the rule
130	or order.
131	[(18)] (20) "Telecommunications corporation" means any corporation or person, and
132	their lessees, trustees, receivers, or trustees appointed by any court, owning, controlling,
133	operating, managing, or reselling a public telecommunications service.
134	[(19)] (21) (a) "Total service long-run incremental cost" means the forward-looking
135	incremental cost to a telecommunications corporation caused by providing the entire quantity
136	of a public telecommunications service, network function, or group of public
137	telecommunications services or network functions, by using forward-looking technology,
138	reasonably available, without assuming relocation of existing plant and equipment.
139	(b) The "long-run" means a period of time long enough so that cost estimates are based
140	on the assumption that all inputs are variable.
141	Section 2. Section 54-8b-10 is amended to read:
142	54-8b-10. Imposing a surcharge to provide hearing and speech impaired persons
143	with telecommunication devices Definitions Procedures for establishing program
144	Surcharge Administration and disposition of surcharge money.
145	(1) As used in this section:
146	(a) "Certified deaf or severely hearing or speech impaired person" means any state
147	resident who:
148	(i) is so certified by:
149	(A) a licensed physician;

150	(B) an otolaryngologist;
151	(C) a speech language pathologist;
152	(D) an audiologist; or
153	(E) a qualified state agency; and
154	(ii) qualifies for assistance under any low income public assistance program
155	administered by a state agency.
156	(b) "Certified interpreter" means a person who is a certified interpreter under Title
157	35A, Chapter 13, Part 6, Interpreter Services for the Deaf and Hard of Hearing Act.
158	(c) (i) "Telecommunication device" means any mechanical adaptation device that
159	enables a deaf or severely hearing or speech impaired person to use the telephone.
160	(ii) "Telecommunication device" includes:
161	(A) telecommunication devices for the deaf (TDD);
162	(B) telephone amplifiers;
163	(C) telephone signal devices;
164	(D) artificial larynxes; and
165	(E) adaptive equipment for TDD keyboard access.
166	(2) The commission shall [hold hearings to] establish a program whereby a certified
167	deaf or severely hearing or speech impaired customer of a telecommunications corporation that
168	provides service through a local exchange or of a wireless telecommunications provider may
169	obtain a telecommunication device capable of serving the customer at no charge to the
170	customer beyond the rate for basic service.
171	(3) (a) The program described in Subsection (2) shall provide a dual party relay system
172	using third party intervention to connect a certified deaf or severely hearing or speech impaired
173	person with a normal hearing person by way of telecommunication devices designed for that
174	purpose.
175	(b) The commission may, by rule, establish the type of telecommunications device to
176	be provided to ensure functional equivalence.
177	[(4) (a) The commission shall impose a surcharge on each residential and business
178	access line of each customer of local-exchange telephone service in this state, and each
179	residential and business telephone number of each customer of mobile telephone service in this
180	state, not including a telephone number used exclusively to transfer data to and from a mobile

181	device, which shall be collected by the telecommunications corporation providing public
182	telecommunications service to the customer, to cover the costs of:]
183	[(i) the program described in Subsection (2); and]
184	[(ii) payments made under Subsection (5).]
185	[(b) The commission shall establish by rule the amount to be charged under this
186	section, provided that:]
187	[(i) the surcharge does not exceed 20 cents per month for each residential and business
188	access line for local-exchange telephone service, and for each residential and business
189	telephone number for mobile telephone service, not including a telephone number used
190	exclusively to transfer data to and from a mobile device; and]
191	[(ii) if the surcharge is related to a mobile telecommunications service, the surcharge
192	may be imposed, billed, and collected only to the extent permitted by the Mobile
193	Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.]
194	[(c) The telecommunications corporation shall collect the surcharge from its customers
195	and transfer the money collected to the commission under rules adopted by the commission.]
196	[(d) The surcharge shall be separately identified on each bill to a customer.]
197	[(5) (a) Money collected from the surcharge imposed under Subsection (4) shall be
198	deposited in the state treasury as dedicated credits to be administered as determined by the
199	commission.]
200	[(b) These dedicated credits may be used only:]
201	(4) The commission shall cover the costs of the program described in this section from
202	the Universal Public Telecommunications Service Support Fund created in Section 54-8b-15.
203	(5) In administering the program described in this section, the commission may use
204	funds from the Universal Public Telecommunications Support Fund:
205	[(i)] (a) for the purchase, maintenance, repair, and distribution of telecommunication
206	devices;
207	[(ii)] (b) for the acquisition, operation, maintenance, and repair of a dual party relay
208	system;
209	[(iii) to reimburse telephone corporations for the expenses incurred in collecting and
210	transferring to the commission the surcharge imposed by the commission;]
211	[(iv)] (c) for the general administration of the program;

212	[(v)] (d) to train [persons] individuals in the use of telecommunications devices; and
213	[(vi)] (e) [by the commission] to contract, in compliance with Title 63G, Chapter 6a,
214	Utah Procurement Code, with:
215	[(A)] (i) an institution within the state system of higher education listed in Section
216	53B-1-102 for a program approved by the Board of Regents that trains persons to qualify as
217	certified interpreters; or
218	[(B)] (ii) the Utah State Office of Rehabilitation created in Section 35A-1-202 for a
219	program that trains persons to qualify as certified interpreters.
220	[(c) (i)] (6) The commission [shall make rules] may create disbursement criteria and
221	procedures by rule made under Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
222	[the administration of money under Subsection (5)(b)(vi)] administering funds under
223	Subsection (5).
224	[(ii) In the initial rulemaking to determine the administration of money under
225	Subsection (5)(b)(vi), the commission shall give notice and hold a public hearing.]
226	[(d) Money received by the commission under Subsection (4) is nonlapsing.]
227	[(6) (a) The telephone surcharge need not be collected by a telecommunications
228	corporation if the amount collected would be less than the actual administrative costs of the
229	collection.]
230	[(b) If Subsection (6)(a) applies, the telecommunications corporation shall submit to
231	the commission, in lieu of the revenue from the surcharge collection, a breakdown of the
232	anticipated costs and the expected revenue from the collection, showing that the costs exceed
233	the revenue.]
234	(7) The commission shall solicit [the] advice, counsel, and physical assistance [of
235	severely hearing or speech impaired persons and the organizations serving them] from deaf,
236	hard of hearing, or severely speech impaired individuals and the organizations serving deaf,
237	<u>hard of hearing</u> , or severely speech impaired individuals in the design and implementation of
238	the program.
239	Section 3. Section 54-8b-15 is amended to read:
240	54-8b-15. Universal Public Telecommunications Service Support Fund
241	Established.
242	(1) For purposes of this section:

243	[(a) Dasic telephone service means local exchange service and may include such
244	other functions and elements, if any, as the commission determines to be eligible for support by
245	the fund.]
246	(a) "Broadband Internet access service" means the same as that term is defined in 47
247	C.F.R. Sec. 8.2.
248	(b) "Carrier of last resort" means:
249	(i) an incumbent telephone corporation; or
250	(ii) a telecommunications corporation that, under Section 54-8b-2.1:
251	(A) has a certificate of public convenience and necessity to provide local exchange
252	service; and
253	(B) has an obligation to provide public telecommunications service to any customer or
254	class of customers that requests service within the local exchange.
255	(c) "Connection" means an authorized session that uses Internet protocol or a
256	functionally equivalent technology standard to enable an end-user to initiate or receive a call
257	from the public switched network.
258	[(b)] (d) "Fund" means the Universal Public Telecommunications Service Support
259	Fund established in this section.
260	(e) "Non-rate-of-return regulated" means having price flexibility under Section
261	<u>54-8b-2.3.</u>
262	(f) "Rate-of-return regulated" means subject to regulation under Section 54-4-4.
263	(g) "Wholesale broadband Internet access service" means the end-user loop component
264	of Internet access provided by a rate-of-return regulated carrier of last resort that is used to
265	provide, at retail:
266	(i) combined consumer voice and broadband Internet access; or
267	(ii) stand-alone, consumer, broadband-only Internet access.
268	[(2) The commission shall establish]
269	(2) (a) There is established an expendable special revenue fund known as the
270	"Universal Public Telecommunications Service Support Fund[5]." [which is to be implemented
271	by January 1, 1998.]
272	(b) The fund shall provide a mechanism for a qualifying carrier of last resort to obtain
273	specific predictable and sufficient funds to deploy and manage for the purpose of providing

2/4	service to end-users, networks capable of providing.
275	(i) access lines;
276	(ii) connections; or
277	(iii) wholesale broadband Internet access service.
278	(c) The commission shall develop, by rule made in accordance with Title 63G, Chapter
279	3, Utah Administrative Rulemaking Act and consistent with this section, policies and
280	procedures to govern the administration of the fund.
281	[(3) The commission shall:]
282	[(a) institute a proceeding within 30 days of the effective date of this section to
283	establish rules governing the administration of the fund; and]
284	[(b) issue those rules by October 1, 1997.]
285	[(4) The rules in Subsection (3) shall be consistent with the Federal
286	Telecommunications Act.]
287	[(5) Operation of the fund shall be nondiscriminatory and competitively and
288	technologically neutral in the collection and distribution of funds, neither providing a
289	competitive advantage for, nor imposing a competitive disadvantage upon, any
290	telecommunications provider operating in the state.]
291	[(6) The fund shall be designed to:]
292	[(a) promote equitable cost recovery of basic telephone service through the imposition
293	of just and reasonable rates for telecommunications access and usage; and]
294	[(b) preserve and promote universal service within the state by ensuring that customers
295	have access to affordable basic telephone service.]
296	[(7) To the extent not funded by a federal universal service fund or other federal
297	jurisdictional revenues, the fund shall be used to defray the costs, as determined by the
298	commission, of any qualifying telecommunications corporation in providing public
299	telecommunications services to:]
300	[(a) customers that qualify for a commission-approved lifeline program; and]
301	[(b) customers, where]
302	[the basic telephone service rate considered affordable by the commission in a
303	particular geographic area is less than the costs, as determined by the commission for that
304	geographic area, of basic telephone service.]

305	(8) The fund shall be portable among qualifying telecommunications corporations.
306	Requirements to qualify for funds under this section shall be defined by rules established by the
307	commission.]
308	(3) Subject to this section, the commission shall use funds in the Universal Public
309	Telecommunications Service Support Fund to:
310	(a) fund the hearing and speech impaired program described in Section 54-8b-10;
311	(b) fund a lifeline program that covers the reasonable cost to an eligible
312	telecommunications carrier, as determined by the commission, to offer lifeline service
313	consistent with the Federal Communications Commission's lifeline program for low-income
314	consumers;
315	(c) fund, for the purpose of providing service to end-users, a rate-of-return regulated or
316	non-rate-of-return regulated carrier of last resort's deployment and management of networks
317	capable of providing:
318	(i) access lines;
319	(ii) connections; or
320	(iii) wholesale broadband Internet access service that is consistent with Federal
321	Communications Commission rules; and
322	(d) fund one-time distributions from the Universal Public Telecommunications Service
323	Support Fund for a non-rate-of-return regulated carrier of last resort's deployment and
324	management of networks capable of providing:
325	(i) access lines;
326	(ii) connections; or
327	(iii) broadband Internet access service.
328	(4) (a) A rate-of-return regulated carrier of last resort is eligible for payment from the
329	Universal Public Telecommunications Service Support Fund if:
330	(i) the rate-of-return regulated carrier of last resort provides the services described in
331	Subsections (3)(c)(i) through (iii); and
332	(ii) the rate-of-return regulated carrier of last resort's reasonable costs, as determined by
333	the commission, to provide public telecommunications service and wholesale broadband
334	Internet access service are greater than the sum of:
335	(A) the rate-of-return regulated carrier of last resort's revenue from basic residential

336	service considered affordable by the commission;
337	(B) the rate-of-return regulated carrier of last resort's regulated revenue derived from
338	providing other public telecommunications service;
339	(C) the rate-of-return regulated carrier of last resort's revenue from rates approved by
340	the Federal Communications Commission for wholesale broadband Internet access service; and
341	(D) the amount the rate-of-return regulated carrier of last resort receives from federal
342	universal service funds.
343	(b) A non-rate-of-return regulated carrier of last resort is eligible for payment from the
344	<u>Universal Public Telecommunications Service Support Fund for reimbursement of reasonable</u>
345	costs as determined by the commission if the non-rate-of-return regulated carrier meets criteria
346	that are:
347	(i) consistent with Subsections (2) and (3); and
348	(ii) developed by the commission by rule made in accordance with Title 63G, Chapter
349	3, Utah Administrative Rulemaking Act.
350	(5) A rate-of-return regulated carrier of last resort that qualifies for funds under this
351	section:
352	(a) is entitled to a rate of return equal to the weighted average cost of capital rate of
353	return prescribed by the Federal Communications Commission for rate-of-return regulated
354	carriers; and
355	(b) may use any depreciation method allowed by the Federal Communications
356	Commission.
357	(6) (a) The commission shall determine if a rate-of-return regulated carrier of last resor
358	is correctly applying a depreciation method described in Subsection (5)(b).
359	(b) If the commission determines under Subsection (6)(a) that a rate-of-return regulated
360	carrier of last resort is incorrectly applying a depreciation method or that the rate-of-return
361	regulated carrier of last resort is not using a depreciation method allowed by the Federal
362	Communications Commission, the commission shall issue an order that provides corrections to
363	the rate-of-return regulated carrier of last resort's method of depreciation.
364	[(9) As necessary to accomplish the purposes of this section, the fund shall provide a
365	mechanism for specific, predictable, and sufficient funds in addition to those provided under
366	the federal universal service fund.]

367	(7) A carrier of last resort that receives funds from the Universal Public
368	Telecommunications Service Support Fund may only use the funds in accordance with this
369	section within the area for which the carrier of last resort has a carrier of last resort obligation.
370	(8) Each access line provider and each connection provider shall contribute to the
371	Universal Public Telecommunications Service Support Fund through an explicit charge
372	assessed by the commission on the access line provider or connection provider.
373	(9) The commission shall calculate the amount of each explicit charge described in
374	Subsection (8) using a method developed by the commission by rule made in accordance with
375	Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:
376	(a) does not discriminate against:
377	(i) any access line or connection provider; or
378	(ii) the technology used by any access line or connection provider;
379	(b) is competitively neutral; and
380	(c) is a function of an access line or connection provider's:
381	(i) annual intrastate revenue;
382	(ii) number of access lines or connections in the state; or
383	(iii) a combination of an access line or connection provider's annual intrastate revenue
384	and number of access lines or connections in the state.
385	(10) The commission shall develop the method described in Subsection (9) before
386	January 1, 2018.
387	[(10) (a) Subject to Subsection (10) (b):]
388	(i) each telecommunications corporation that provides intrastate public
389	telecommunication service shall contribute to the fund on an equitable and nondiscriminatory
390	basis;]
391	[(ii) for purposes of funding the fund, the commission shall have the authority to
392	require all corporations that provide intrastate telecommunication services in this state to
393	contribute money to the fund through explicit charges determined by the commission;]
394	[(iii) any charge described in Subsection (10)(a)(ii) may not apply to wholesale
395	services, including access and interconnection; and]
396	[(iv) charges associated with being a provider of public telecommunications service
397	shall be in the form of end-user surcharges applied to intrastate retail rates.]

398	[(b) A telecommunications corporation] (11) An access line or connection provider
399	that provides mobile telecommunications service shall contribute to the [fund] <u>Universal</u>
400	Public Telecommunications Service Support Fund only to the extent permitted by the Mobile
401	Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.
402	[(11)] (12) Nothing in this section shall be construed to enlarge or reduce the
403	commission's jurisdiction or authority, as provided in other provisions of this title.
404	[(12) Any telecommunications corporation failing to make contributions to this fund or
405	failing]
406	(13) A person that fails to make a required contribution to the fund created by this
407	section, or that fails to comply with [the directives of the] a commission directive concerning
408	[its] the person's books, records, or other information required by the commission to administer
409	this section [shall be], is subject to applicable penalties.
410	[(13) The commission shall have a bill prepared for the 1998 General Session of the
411	Legislature to place in statute as much of the regulation implemented by rule pursuant to the act
412	the commission believes is practicable.]
413	(14) Nothing in this section gives the commission the authority:
414	(a) to regulate broadband Internet access service;
415	(b) to require a carrier of last resort to provide broadband Internet access service; or
416	(c) assess a contribution in violation of the Internet Tax Freedom Act, 47 U.S.C. Sec.
417	<u>151 note.</u>
418	(15) (a) A facilities-based or nonfacilities-based wireless telecommunication provider
419	is eligible for distributions from the Universal Telecommunications Service Support Fund
420	under the lifeline program described in Subsection (3)(b) for providing lifeline service that is
421	consistent with the Federal Communications Commission's lifeline program for low-income
422	consumers.
423	(b) Except as provided in Subsection (15)(c), the commission may impose reasonable
424	conditions for providing a distribution to a wireless telecommunication provider under the
425	lifeline program described in Subsection (3)(b).
426	(c) The commission may not require a wireless telecommunication provider to offer
427	unlimited local calling to a lifeline customer as a condition of receiving a distribution under the
428	lifeline program described in Subsection (3)(b)

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429	(16) The commission shall report to the Public Utilities, Energy, and Technology
430	Interim Committee each year before November 1 regarding:
431	(a) the contribution method described in Subsection (9);
432	(b) the amount of distributions from and contributions to the Universal Public
433	Telecommunications Service Support Fund during the last fiscal year;
434	(c) the availability of services for which Subsection (3) permits Universal Public
435	Telecommunications Service Support Fund funds to be used; and
436	(d) the effectiveness and efficiency of the Universal Public Telecommunications
437	Service Support Fund.